

## Meeting Summary 4<sup>th</sup> System Management Board Meeting

### Purpose:

This document presents a summary of the 4<sup>th</sup> meeting of the System Management Board (“Board”) held on 17 December 2016 at IFPRI Headquarters, Washington, D.C.

### By way of overview:

- **Agenda items:** The meeting considered the 9 agenda items set out in the table of contents on the following page.
- **Decisions:** The Board took 8 decisions during its meeting, a compendium of which are set out Annex 1 for ease of reference
- **Participants:** Annex 2 sets out a list of meeting participants.
- **Defined terms from the [Charter of the CGIAR System Organization](#):** Terms such as CGIAR Research, CGIAR System (or System) and CGIAR Portfolio are as defined in the Charter of the CGIAR System Organization.

This Meeting Summary was approved by the System Management Board by electronic decision with effect from Thursday 2 March 2017 (SMB/M4/EDP5)

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## Contents

Agenda Item 1 – Opening .....	3
Agenda Item 2 – Outcomes and follow-up from SC3 meeting .....	4
Agenda Item 3 – Research from the former GLDC proposal .....	7
Agenda Item 4 – Resource Mobilization .....	9
Agenda Item 5 – Genebanks and engagement with Global Crop Diversity Trust .....	10
Agenda Item 6 – Audit and Risk Management .....	13
Agenda Item 7 – CGIAR System Organization operational and governance matters .....	14
Agenda Item 8 – Any Other Business .....	17
Agenda Item 9 – Closed Session.....	18

## Annexes

Annex 1: Compendium - Decisions 4 <sup>th</sup> System Management Board meeting .....	19
Annex 2: List of Meeting Participants .....	21

## Agenda Item 1 – Opening

1. The Interim Chair, Martin Kropff, opened the meeting. A quorum was present.
2. The Interim Chair tabled the preliminary Agenda (Document SMB4-01, Revision 1) and invited comments and additional matters for discussion. He noted that a closed session was proposed at Agenda Item 9 in order to discuss matters internal to the Board.
3. It was requested to discuss a memo received by the System Management Board and System Council Chairs from the Independent Steering Committee of FTA (and the covering letter from the Board Chairs of CIFOR and ICRAF) on Friday 16 December 2016 during Any Other Business.
4. **Decision SMB/M4/DP1:** The Board adopted the Agenda (Document [SMB4-01](#)).
5. The Interim Chair sought any declarations of interest from meeting attendees. Margret Thalwitz advised that she had recused herself from her membership of the Board's Working Group on the commodities, geographies and communities from the former GLDC proposal, and would also recuse herself from any related deliberations and decisions.
6. The Interim Chair noted, as disclosed in prior meetings, that he and all other Board members who serve as Center Directors General have a direct and inherent conflict of interest on decisions concerning the CGIAR Portfolio. He confirmed that in the event that an Agenda item involved a complex decision on the Portfolio, including its funding, he would appoint a temporary Vice Chair as provided for under the Rules of Procedure.
7. The Interim Chair took the Board through the draft Meeting Summary of the Board's 3<sup>rd</sup> meeting, highlighting the importance of checking the summary thoroughly to ensure that it represented an accurate record of proceedings in order to serve as a formal record of decisions taken for future reference.
8. Taking the Board through the document to provide an opportunity for comment, the Interim Chair emphasized, in particular, paragraph 7.b of the meeting record, which recorded the Board's role to take a decision on 2017 funding in the event that W1/2 funding did not reach the amounts contained in the System Council's November 2016 allocation decision. After a review of the full Meeting Summary, no requests for amendment were made.
9. **Decision SMB/M4/DP2:** The Board approved the Meeting Summary of the Board's 3<sup>rd</sup> Meeting, as set out in document [SMB3-07](#).

## Agenda Item 2 – Outcomes and follow-up from SC3 meeting

10. Referring to the Chair's Summary from the System Council's 3<sup>rd</sup> meeting on 23 November 2016 (Document SMB4-02), the Interim Chair highlighted the complex nature of the important decision taken regarding W1/2 funding allocations for 2017, based on the work of the System Council and System Management Board Joint Working Group on Funding Allocations ('FAWG'). He then proposed that the Board focus its time on two of the more substantive discussions had during that meeting.

### *Performance Management System for CGIAR Research*

11. The Interim Chair drew colleagues' attention to the update provided on the action plan for the development of a Performance Management System for CGIAR (Document [SMB4\\_02B](#)), highlighting the System Council's positive feedback from its November 2016 3<sup>rd</sup> meeting ('SC3'). He reported that it had been agreed with the Executive Director that work on this would be funded from the existing 2017 System entities budget envelope.
12. One of the System Council active observers to the Board reiterated the positive discussion at SC3, also noting that it would be important to provide, at the earliest opportunity, clarification of the plan in place for interim performance reporting arrangements for 2017, while the full framework is being established.
13. It was clarified by the CRP Leaders' active observer that a meeting was scheduled to take place on 10-11 January 2017 to discuss and agree the work plan and budget templates, discuss indicators including for the 2017 period, and the annual report preparation process. Noting Board Member comments on the importance of a 'less is more' approach to indicators, he advised that the work on 'spheres of control, influence and impact' had enhanced clarity of understanding of roles and responsibilities.
14. The importance of linking the work on Performance Management to the narrative on outcomes and impact at the system level was raised as being critical to work on Resource Mobilization.

### *Introducing broader discussion on funding modalities and allocations*

15. Next, the Board considered the Action Point SC/M3/AP1 from SC3 – namely, that *"the System Management Office will put in motion a wider funding discussion amongst the System Council members (which includes the Genebanks decision, builds on the work done on the transition, and does not seek to reinvent the wheel)."*
16. At the Chair's invitation, the Executive Director highlighted the following key points and themes as a non-exhaustive background to inform the Board's discussion:

- a. In considering financing modalities, a broad range of elements warrant inclusion, including: lowering transaction costs; defining what is an effective system; the windows structure; interest expressed by a small number of Funders to earmark funding at the flagship level; funding of overhead costs; and, the funding of the Genebanks;
  - b. The need to reach out to Funders again to obtain revised projections since the System Council's 2<sup>nd</sup> meeting in September 2016, and any new information on key funding risks;
  - c. Drawing on conversations with the System Council Chair and other sources, the importance of predictability of forecasts in order to achieve necessary financial stability in the System;
  - d. How to use Window 1 funding to achieve the strategic allocation decisions of the System Council and to what extent it is possible to align Funder views on this; and
  - e. As a more time-sensitive question, whether the Board wished to take any action to revisit the 2016 FinPlan, taking note that 2016 W1/2 actual funding had reached 98% of 2016 FinPlan projections, but with some surprises with regards to Window 2 allocations later in the year (notably that around half of CRP's received 10% less than they had expected, with 3 receiving over 10% more).
17. Thanking the Executive Director for the summary, and taking on the suggestion to separate the question of possibly revisiting 2016 allocations from that of 2017 funding considerations, the Interim Chair sought the Board's views on the questions raised.
18. The following points were raised concerning 2017 and beyond:
- a. In considering how greater stability of financing might be achieved, it is important to consider what stability means in this context, and not to equate stability with equality of allocations across CRPs and platforms;
  - b. That a prioritization of the objectives for the funding system should be considered, noting that in the shorter-term, improved predictability of funding may be more important than maximizing the volume of that funding;
  - c. A priority-setting mechanism for allocations should be agreed, including provisions for how to allocate potential decreases or increases should they occur. In this context, there was recognition that the System Council's Portfolio decisions (September 2016) and W1/2 2017 funding allocation decision (November 2016) represented important milestones, being seen as perhaps the first time that the Funders has given a clear signal of the Portfolio they are prepared to fund, on which basis, and in advance;

- d. That W1 funding should be applied to the most strategic of uses, but with recognition of the fundamental need to finally satisfy the question of whether one of those strategic uses is in ensuring the integrity of the whole Funder-approved portfolio through an allocation of Window 1 to serve as a stabilization element when required. Here, it was noted that the System Council's September 2016 decisions on what it termed a 'strong Portfolio of CRPs and Platforms' involved the funders taking a decision on a system of research that fit together to deliver on that Portfolio, and that funding 'the System' should therefore remain an important shared commitment;
  - e. Recognizing the value of the work of the FAWG, it was appreciated that the scope of their recommendation had been for the 2016 situation, rather than a longer-term vision of resource allocation, which is now required; and
  - f. Whilst not necessarily the perfect tool in terms of meeting the expectations of all the various stakeholders over the longer term, as matters stand for 2017, it would be prudent for the Board to re-link W1/2 funding as a 2017 measure to bring essential stability whilst the System Council had its broader conversation on funding modalities.
19. For one of the System Council's active observers, the System's ability to demonstrate its capacity to prioritize – especially by taking tough decisions on the most strategic research to undertake according to CGIAR's comparative advantage – was a key consideration when it came to that Funder's internal deliberations and decisions on where to allocate its funding. Recognizing that there were reasons for why prioritization may not have been as strong as desirable in the past, the Funder's representative noted that what is now needed is more strategic decision-making based upon a robust performance management system, and ongoing capacity of the Board to take tough decisions when these needed to be made.
20. Taking note that 2017 represented an important year to ensure that the funding system and priority setting mechanisms provided the right incentives to achieve CGIAR System impacts, the Interim Chair summarized the Board's position in respect of the development of the 2017 FinPlan as follows:
- a. The Centers remain strongly of the opinion that the 2017-2022 CGIAR Portfolio is an interconnected system of research that focuses on CGIAR's comparative advantage, thus positioning CGIAR to deliver impacts that are much more than the sum of the various parts;
  - b. The System Council's approvals in 2016 reaffirmed the importance of the Portfolio approach, with all stakeholders accepting that the 'Results Framework' within the 2016-2030 CGIAR SRF is not a complete priority setting tool. However, it was the tool that the Centers had from the Funders as the Centers developed that new Portfolio;

- c. Predictability in 2017 is critical after the significant upheaval for Centers in 2016, recognizing that there is the need for the System Council and System Management Board to agree the prioritization and allocation methodologies contemplated by the CGIAR System Framework moving forward. Here, it was recognized that an essential element of gaining the Funders' full confidence, is having in place a robust performance evaluation framework; on which work is progressing with strong Funder engagement; and
- d. To deliver the essential element of predictability in 2017, the System Management Office will be asked to prepare and consult across the Centers a 2017 FinPlan that strategically allocates Window 1 funds to deliver the Portfolio, incorporating for discussion a mechanism to address budget shortfalls against the Funders' 2017 W1/2 allocations.

*Potentially revisiting the 2016 CRP Financial Plan ('2016 FinPlan')*

21. Turning to the question on whether measures should be taken to adjust the 2016 FinPlan allocations in light of the variances seen at year-end, the Interim Chair requested Eugene Terry to act as temporary Vice-Chair as provided by the Rules of Procedure.
22. During a broad-ranging conversation on possible modalities to make adjustments (including the prospect that W1 was retrospectively adjusted, meaning some Centers would benefit and others would receive less funding), the Board considered both Center-specific and System-level benefits and challenges. On balance, the Board was unable to find a suitable mechanism for implementation so late in the 2016 calendar year and concluded that the 2016 FinPlan would not be revisited.
23. **Action Point SMB/M4/AP1: By early January 2017:** Upon receipt of the final W2 contributions and allocations for 2016, the System Management Office is to circulate to the Funders and the Centers, the resulting financing for 2016 against the 2016 FinPlan both to provide transparency in those outcomes and difficulties experienced, but also to further inform the paper that the System Council has requested be prepared to inform its May 2017 deliberations on the System's funding mechanisms more broadly.

*Agenda Item 3 – Research from the former GLDC proposal*

24. The Interim Chair asked that Eugene Terry, the Chair of the Board's *ad hoc* Working Group on the commodities, geographies and communities of the former GLDC proposal ('GLDC Working Group Chair') lead the discussion on the progress towards the development of a proposal or proposals on elements of the former GLDC.
25. The GLDC Working Group Chair advised the Board of the group's work to date, expressing thanks to the members of the group and to Peter Gardiner of the System

Management Office for moving the process forward. During the update, he highlighted the following key points:

- a. The group had been mindful of the System Council's guidance that the process ought not to have a fixed timetable or any prescription on possible options;
  - b. A two-phase approach is envisaged, whereby during phase one, an expert panel would be convened and their terms of reference developed, including the role of scoping of the evidence to identify gaps between the former GLDC proposal and what is considered desirable for a future proposal(s);
  - c. The focus of phase two would be based on the expert panel's recommendations. This may involve a call for a revision of the earlier proposal, or an invitation for a proposal or proposals that differ in science, focus and development for this approached, aligned with agri-food systems across the 2017 – 2022 CGIAR Portfolio, or otherwise;
  - d. In any timetable agreed for the process, dates will need to be aligned with key Board and System Council dates, particularly in regard to any proposed approval milestones;
  - e. As it works, the Working Group is mindful of ensuring independence of the process, noting that this does not preclude good communication and consultation with all existing actors including the lead Center of the former GLDC proposal; and
  - f. Whilst there is a clear desire to work as quickly as possible, the Working Group is also aware that working at pace could negatively impact the element of 'openness' to new concepts/new partnerships that the System Council had emphasized in its September 2016 discussions.
26. In response to a question regarding the nature of the call for proposals, including the potential involvement in some capacity of non-CGIAR institutions, the GLDC Working Group Chair confirmed that this would be based on the recommendation of the expert panel taking into consideration guidance from the ISPC.
27. An additional point raised for the Board's attention was how to address the prospect that in some of the CRPs, key cross-cutting components appear to have been included entirely or primarily in flagships that were not approved for W1-2 funding (for example, all of the monitoring and evaluation costs for the research program were included at flagship level, but in the flagship that was not funded in 2017). The Interim Chair and the System Council's active observers shared the common view that the System Council's September 2016 decision on the non-use of W1-2 funds for the 5 relevant Flagships had been clear. It was agreed that a communication should be prepared to Centers ensuring that the intention of the System Council's funding decision on the non-use of W1-2 funds in 2017 for non-funded Flagships is made clear,

emphasizing that these important cross-cutting elements should be maintained in 2017, although funded through other means.

28. Before closing the session, the Interim Chair raised the possibility of revisiting the research on the flagships not included in the System Council approved 2017-2022 Portfolio, or those not funded from W1-2 sources in 2017 based on decisions taken at SC3. He proposed it would be important to identify an appropriate process and timeline to ensure that relevant elements could be approved, thereby ensuring a complete 'Portfolio' from early 2018.
29. **Decision SMB/M4/DP3:** The Board endorsed a high level process for an expert review group to be formed to consider the issue of how to most appropriately formulate a submission (or submissions) to the System Council to bring the essential research questions back into the CGIAR Portfolio by 1 January 2018, the draft timetable for such process to be updated and circulated following the Board meeting to all Centers.
30. **Action Point SMB/M4/AP2: By mid-January 2017:** A proposed process and timeline will be prepared and circulated to the Centers and to the Board for endorsement, in regard to seeking to reintegrate fully into the 2017-2022 CGIAR Portfolio the two Flagships that were not included in the System Council approved portfolio, and those that the System Council determined would not be funded by W1 2 in 2017. Such process and timetable is to be circulated at the same time as the updated draft process for the grain, legumes and drylands cereals process.
31. **Action Point SMB/M4/AP3: By mid-January 2017:** A communication will be prepared and shared with Centers regarding the implementation of the System Council's decision on the 2017-2022 CGIAR Portfolio, with specific reference to ensuring that W1-2 funds are not used for research that formed part of flagship programs that were not included in the 2017-2022 CGIAR Portfolio or not approved for W1-2 funding for 2017.

#### Agenda Item 4 – Resource Mobilization

32. At the Interim Chair's invitation, Eugene Terry, the Chair of the Board's *ad hoc* Working Group on Resource Mobilization ('RM Working Group Chair'), provided an update on the group's work (Internal Working Document SMB4-04), noting that the draft strategy and impact pathway presented intends to focus on outcomes that could be achieved in 2017, and how this should influence the resource mobilization work plan for 2018.
33. In response to a question on when it would be possible to move from plans to necessary concrete actions, the Executive Director highlighted that this question was very much dependent on the availability of system-level resources to carry out those actions that the Working Group believed were best undertaken by the System Management Office ('Office'). He noted that the Office has very limited capacity to undertake these efforts at present, given that former Fund Office staff who had

worked on retaining and attracting new donors had not taken up the opportunity during the transition to move to the Office. He advised however that if the Board were to give a positive indication that the conceptual framework is on the right track, then work can be done to elaborate on the activity plan and ensure that the Office is resourced appropriately, within the existing 2017 Office budget envelope.

34. Board colleagues recognized the importance of the availability of adequate capacity in the Office in the area of system-level resource mobilization and funder engagement activities, and confirmed support for the necessary capacity to be put in place as outlined in the draft strategy.
35. **Action Point SMB/M4/AP4: By early 2017:** The Chair of the adhoc Working Group on Resource Mobilization will work with the System Management Office to provide the Board with a costed work plan to deliver on proposed strategic system-level resource mobilization activities for 2017, including securing personnel to support such actions, whilst working at all times within the System Management Office's existing 2017 approved budget ceiling.
36. Closing this agenda item, Board colleagues also took the opportunity to express their thanks to Eugene Terry for the considerable work undertaken as Chair or member of several *adhoc* working group and committees to contribute to progress made on matters on the agenda of this meeting.

#### Agenda Item 5 – Genebanks and engagement with Global Crop Diversity Trust

37. Framing the session, the Interim Chair reflected on the critical importance of CGIAR's genebanks, and thus the importance of CGIAR's relationship with the Global Crop Diversity Trust ('Crop Trust') at both the operational and strategic levels. He also referenced the considerable effort being undertaken by the Crop Trust, and particularly the Executive Director, Ms. Marie Haga, to grow the Crop Trust Endowment to the US\$ 500 million that would provide a clear pipeline of adequate funding for CGIAR's genebanks.
38. Noting that approximately US\$ 200 million is currently held in the endowment, but with relatively 'good' interest being earned in the context of a global low-growth environment, the Interim Chair invited Ann Tutwiler to take the meeting through the relatively complex group of issues arising from the pre-meeting resources, with particular focus on a Genetic Resources Governance Issues Brief working document (Internal Working Document SMB4-05B) prepared for Board member pre-review.
39. Noting the multifaceted nature of the relationship between CGIAR and the Crop Trust, Ann Tutwiler was confirmed that the Board's discussion under this agenda item would not broach the question of sources and amounts of funding for CGIAR's genebanks, being out of scope for a discussion on more structural policy and governance considerations.

40. Thus, turning to governance, policy and operational questions, the Board's conversation ranged over topics that included:

*Strengthening Crop Trust/CGIAR Strategic engagement*

- a. **The relationship between CGIAR and the Crop Trust Executive Board:** With strong support for the engagement model to be set at a strategic Board-to-Board level, whether via a System Management Board representative being appointed to the Executive Board, or via leadership from one of the 11 'Article 15' Centers. It was agreed the 11 Article 15 Centers ought to be invited to input into the conversation on the appropriate representation;
- b. **The opportunity for any memorandum of understanding between the Crop Trust and CGIAR to provide a broad framework for strategic cooperation, particularly in respect of resource mobilization:** The Board saw value in Centers collaborating to provide feedback to the Crop Trust on how to frame such a memorandum, with an initial draft from the Crop Trust serving as a starting point for that feedback to be given;

*Refining and strengthening platform governance and system-wide operational engagement*

- c. **Where review of programmatic and financial performance of the Genebanks Platform sits across CGIAR's entities/convening bodies:** With the Board's view being that, as for any other element of the September 2016 System Council approved 2017–2022 CGIAR Portfolio, it was important for the Genebanks Platform to report to the Board on deliver against its annual work plan, budget and any performance elements, in addition to reporting to the Article 15 Centers;
- d. **Elements of the proposed Genebanks Platform governance arrangements that require revision to adjust for the necessary element of 'independence':** Specifically, the Board noted the importance of a considerable revision to the leadership and membership of the 'Independent Steering Committee' ('ISC'), with a non-Crop Trust, independent person chairing the ISC and representatives of 'participating Centers' participating as non-voting ex-officio members. This, the Board agreed, would need to be addressed as part of finalizing the funding agreements;
- e. **The importance for the CGIAR Portfolio of there being strong collaboration and communication between the platforms:** Taking note that there has clearly been considerable communication between the Genebanks Platform and Excellence in Breeding Platform, the Board called for more robust engagement between the Big Data Collaboration Platform and the Genebanks Platform, with a clear need for this to be driven in some respects by the Big Data Collaboration Platform program leads;

- f. **Providing the right environment for the Executive Director to focus the System Management Office's efforts on items most relevant/important to its mandate:** Recognizing the value of close cooperation on genetic resources operational questions given the inherent reputational risks, the Board believed it prudent for the Executive Director to determine if it was necessary for the Office to participate as an observer in Genebanks management team meetings. If so, the Board was comfortable for that engagement model to be put in place and saw no conflict of interest issues arising; and

*Identifying and setting genetic resources policy positions*

- g. **The critical reputational issues surrounding statements on what constitutes CGIAR's genetic resources policy positions:** The Board was clear that neither the Crop Trust, nor the multi-stakeholder advisory group proposed in the Genebanks Platform proposal was a decision-maker in respect of CGIAR Policy Positions. Further, that individual Center-led statements on an area such as genetic resources policy had the potential to rise to reputational and institutional risk. The Board noted the importance of it receiving six-monthly reports on the operation of the Genebanks Policy Platform. It was also agreed that the mechanism for how the Board was to be consulted on proposed policy positions in advance of submission to a third party, should be formally consulted with the Article 15 Centers and built into the Genebanks Platform as an agreed implementation approach.
41. **Action Point SMB/M4/AP5: By end January 2017:** The Interim Chair of the Board will liaise with the Chair of the Global Crop Diversity Trust Executive Board regarding the CGIAR non-voting member role on the Executive Board, to inform a planned conversation with the 11 CGIAR 'Article 15 Centers' on ensuring strategic representation on the Executive Board.
42. **Action Point SMB/M4/AP6: By mid-January 2017:** Confirming that, as for CGIAR Center-led CRPs and Platforms, the Genebanks platform should report on progress to the System Management Board, the Interim Chair of the System Management Board and Ann Tutwiler will prepare a communication to the 11 CGIAR 'Article 15' Centers in regard to a range of governance questions arising on the Genebanks Platform proposal, to seek views and agree on proposals. In the interim, it was agreed by the Board to put on hold on the formal convening of the Board's adhoc Working Group #6 on Positioning and Engagement on Genetic Resources.
43. **Action Point SMB/M4/AP7: During early 2017:** The Interim Chair of the System Management Board will raise with the System Council Chair, at an appropriate juncture, the Global Crop Diversity Trust's enquiry as to the possibility of System Council representation on the Crop Trust's Donor Council, being a matter for the System Council Chair to take forward as consider appropriate.

## Agenda Item 6 – Audit and Risk Management

44. At the Interim Chair’s invitation, Bushra Malik, the Chair of the Board’s Audit and Risk Committee (‘ARC’) presented key highlights from recent past actions, noting the following items:
- a. The ARC’s preparatory work towards a system-wide Risk Management Framework including work development of a RASCI (‘Responsible, Accountable, Supporting, Consulted and Informed’) matrix to understand the existing complexities in the System and a proposed timeline for consultation on and development of that Framework;
  - b. The development of a proposed final draft Terms of Reference (‘ToR’) for the ARC, covering the broad range of responsibilities as identified in the Charter and Framework, but keeping the language at a strategic level to allow the work of the Committee to evolve as the system strengthens itself;
  - c. The work on internal audit arrangements for Centers and the CGIAR System for 2017, including engagement with CGIAR’s continuing Shared-Services Internal Audit Unit (‘CGIAR IAU’) to review their budget and seek input on the terms of reference and process for fulfilling the new Internal Audit Function to be agreed between the System Council and the System Management Board. It was noted that this work will be based on inputs from Centers to ensure the effectiveness of the arrangements for the Internal Audit Function, focusing on building a system of assurance based on existing mechanisms in place within the system, identifying gaps, and avoiding duplication; and
  - d. Strengthening collaboration with Center Audit Committee Chairs, including a session during the ARC’s 3<sup>rd</sup> meeting in October 2016, and a planned in-person meeting in Washington, D.C. on 31 January 2017 to focus in particular on identifying principles to guide the development of the risk management framework of the CGIAR System that is envisaged by the CGIAR System Framework.
45. The ARC Chair noted also that the committee was scheduled to meeting on Sunday 18 December, directly after the Board’s meeting, to discuss the work plan for 2107 based on the ToR, subject to the Board’s approval of the ToR.
46. **Decision SMB/M4/DP4:** The Board approved the [Terms of Reference](#) of the Audit and Risk Committee, as set out in Document SMB4-06B.
47. At the Interim Chair’s invitation, the Executive Director shared his impressions on the work undertaken by the ARC to give clarity on the System-level interim internal audit arrangements for 2017, noting appreciation for the ARC Chair’s efforts in this regard. He indicated his openness to all options on the form and location of any system-level

capacity required to fulfill the arrangements agreed between the System Council and Board to deliver an efficient Internal Audit Function.

48. The Director of the Internal Audit Unit ('IAU Director') confirmed to the Board that the CGIAR IAU would break even for the 2016 calendar year, with the potential for a small surplus being realized when the final accounts were available. He also confirmed that for 2017, the focus is also on working to a balanced budget. He affirmed the CGIAR IAU's commitment to supporting the ARC in their work on proposing an Internal Audit Function which fulfills the assurance needs expressed in the Charter and Framework, taking into account the elements of the risk management framework of the CGIAR System that is to be developed as a first step.

### Agenda Item 7 – CGIAR System Organization operational and governance matters

49. At the Interim Chair's invitation, Margret Thalwitz, Chair of the Board's *ad hoc* Working Group on Rules of Governance, introduced a presentation outlining the work of that group to date and their key recommendations, ahead of the inaugural General Assembly of the Centers to be held on 24 and 25 January 2017. The following key points were highlighted:
- a. Amongst the actions identified in the group's [Terms of Reference](#), the Working Group had prioritized two key matters for this meeting, firstly on managing conflicts of interest for the Board, its standing committees and *ad hoc* working groups, and secondly on supporting General Assembly operations, including the process for System Management Board Member selection;
  - b. On Conflicts of Interest, the working group recommended that a three-point system of reporting conflicts be adopted:
    - i. **An annual declaration**; using a pro forma to be filled in by all members;
    - ii. **In advance of each meeting**; a declaration of any conflicts of interest associated with the agenda items and annotated to the Agenda if necessary. An annex of any declared conflicts would be attached to each Meeting Summary; and
    - iii. **At any other time**; a declaration of conflict of interest when it presents itself.
  - c. That where conflicts of interest are identified, the following actions should be taken:
    - i. Individuals can (and should) proactively recuse themselves from discussions and decisions in which they have a conflict of interest;
    - ii. The Board itself can propose that a meeting participant recuse themselves; and
    - iii. The final decision on how to manage conflict of interest situations to be made by either the Board Chair and the Chair of the Audit and Risk Committee if the latter is an independent Chair; alternatively, if this

criterion cannot be met, it would be for the Board Chair and Executive Director as a non-voting member to resolve.

- d. On supporting Centers' selection of System Management Board voting members, that the working group recommends:
    - i. An amendment to Article 7.9 of the Charter to support greater balance in the Board through a recommended composition of not more than three Directors General and at least three independent members;
    - ii. That the Board in 2017 move towards staggering of membership terms; and
    - iii. That at the General Assembly, the Centers consider what their preferred formation of the Nominations Committee should be, and additional suggested criteria for all voting members, in particular for independent members.
50. The Board considered the functions of the Board in the context of the criteria which could be considered for future candidates, observing that the System Management Board does not have oversight functions of the CGIAR Portfolio as the former Consortium Board did, although it retains fiduciary responsibilities. The Board was characterized as a self-governing Board with a key interlocutory role, highlighting however that this does not diminish the important decision-making role it has within the System.
51. In considering the question of whether to support the proposal to move to a revised Board composition including three independent members, Board Members noted that this matter was closely linked to the proposals on managing conflicts of interest in that in the event of the recusal of a member from a Center, having a greater number of independent members would facilitate management or adjudication of these, in addition to providing a larger pool of potential independent candidates for the role of Chair. A number of the Board's voting members, including both independent members, expressed support for the proposal, with another voting Board member asking for additional clarification on the rationale for the proposal, noting that they were neither in support nor against the proposal. Then followed a further clarification by Margret Thalwitz in her capacity as the Chair of the Board's adhoc Rules of Governance Working Group. In that further explanation, she emphasized both the importance of ensuring the Board has sufficient capacity to address conflict of interests issues, and to provide the Board itself with considerable more flexibility in terms of its actions. Noting that there were no other interventions, the Interim Chair invited any dissenting views. With no comments being provided, the Interim Chair summarized that the Board would have the exchange of one Director General to an independent member extra subject to a discussion at the General Assembly.
52. It was observed by one of the System Council's active observers that there had been the desire to push governing responsibility to the Centers under the new structure, and that there had not been the expectation that conflicts of interest would not exist. On the proposal to alter the balance of independents in the context of keeping Board

Chairs and Directors General central to decision making, the observation was made that a change to only one extra independent member did not appear to go too far, although it would always be important to keep in mind the views of many of the funders. As a real-time observation, both active observers commented that they had found the Center-affiliated members to put the System rather than their respective Centers forward, and at times, that individual Board members had gone to some trouble to do this.

53. At the Interim Chair's initiation, the Board explored whether another Board colleague felt ready to take up the role of Chair, noting the preference expressed in the Charter for an Independent Chair where possible. Emphasizing the importance of continuity and stability during the Board's first year of operation, there was broad support among Board Members for the Interim Chair to continue in this role until a successor is identified.
54. **Decision SMB/M4/DP5:** The Board endorsed the ongoing appointment of Martin Kropff as System Management Board Interim Chair until a successor is appointed.
55. **Decision SMB/M4/DP6:** The Board endorsed the Interim Chair's recommendation to appoint Eugene Terry as System Management Board Vice-Chair effective immediately, and continuing until 30 June 2017.
56. **Decision SMB/M4/DP7:** The Board approved the proposed framework for the declaration of interests by Board, Committee and adhoc Working Group members, with the elements of:
  - a. Annual declaration: Using a pro forma to be filled in by all members;
  - b. In advance of each meeting: Declaration of any conflict of interest associated with the agenda items - and annotated to the Agenda if necessary. An annex of any declared conflicts to be attached to each Meeting Summary;
  - c. Any other time: Declaration of conflict of interest when it presents itself; and
  - d. The final decision on how to manage conflict of interest situations to be made by either the Board Chair and the Chair of the Audit and Risk Committee if the latter is an independent Chair. Alternatively, if this criterion cannot be met, it will be for the Board Chair and Executive Director as a non-voting member to resolve.
57. **Decision SMB/M4/DP8:** The Board endorsed the proposal of the Board's adhoc working group on Rules of Governance (as set out in Document SMB4-07a) that the General Assembly of Centers be invited to consider at its inaugural meeting on 24-25 January 2017 an amendment to the balance of independent members of the System Management Board, together with a timetable and potential process of appointment

of System Management Board voting members to fill vacancies arising with effect from 1 July 2017.

58. **Action Point SMB/M4/AP8: By 4 January 2017:** The Interim Chair of the System Management Board will liaise individually with all voting members of the System Management Board to discuss their intentions regarding their willingness and availability to serve for an additional term if so selected by the Centers, and share this information with the Board’s adhoc Rules of Governance working group to inform ongoing preparations by the Convener of Board Chairs and Convener of Directors General for the inaugural General Assembly of Centers on 24-25 January 2017.

### Agenda Item 8 – Any Other Business

59. The Interim Chair tabled a memo that had been received from the Independent Steering Committee of FTA (and the covering letter from the Board Chairs of CIFOR and ICRAF) on Friday 16 December 2016. Bushra Malik, as a member of the ICRAF Board of Trustees, recused herself from the discussion on this item.
60. In the discussion that followed, the Board recognized that the issues raised in the memo represent part of a wider need for greater clarity on CRP governance responsibilities in the new CGIAR structure. It was noted by a System Council active observer that the memo also demonstrates the need to address communication issues across the System.
61. **Action Point SMB/M4/AP9: During 2017:** The Board agreed that during the course of 2017, the Board work plan include a substantive conversation on the role of the Independent Steering Committees in the context of the revised governance arrangements, particularly in light of substantially altered responsibilities for the System Council, System Management Board and Centers respectively in terms of decision making and accountabilities, potentially being tied to the risk management framework discussions.
62. **Action Point SMB/M4/AP10: By early January 2017:** A response is to be prepared on behalf of the System to a communication received from the Independent Steering Committee of FTA on 15 December 2016.
63. **Action Point SMB/M4/AP11:** The Board requested that the System Management Office make arrangements as follows:

Meeting	Dates
SMB5, <u>Rome, Italy</u>	Tuesday 28 + Wednesday 29 March 2017
SMB6 – <u>Virtual</u> , 15:00 – 18:00 Europe	Tuesday 18 April 2017
SMB7 – <u>Virtual</u> , 15:00 – 18:00 Europe	Wednesday, 27 September 2017

Meeting	Dates
SMB8, <u>Cali, Colombia</u>	Tuesday, 7 November 2017 (As part of CIAT 50 events/SC6 meeting)

### Agenda Item 9 – Closed Session

64. The Board met in closed session with no Active Observers or staff members present.
65. The Interim Chair thanked meeting participants and closed the meeting.

## Annex 1: Compendium - Decisions 4<sup>th</sup> System Management Board meeting

### SMB/M4/DP1: Meeting Agenda – 4th Meeting, 17 December 2016

The Board **adopted** the Agenda (Document SMB4-01, Revision 1)

### SMB/M4/DP2: Meeting Summary – 3rd Meeting, 1 November 2016

The Board **approved** the Meeting Summary of the Board's 3<sup>rd</sup> Meeting, as set out in document SMB3-07.

### SMB/M4/DP3: Grain, Legumes and Dryland Cereals research questions

The Board **endorsed** a high level process for an expert review group to be formed to consider the issue of how to most appropriately formulate a submission (or submissions) to the System Council to bring the essential research questions back into the CGIAR Portfolio by 1 January 2018, the draft timetable for such process to be updated and circulated following the Board meeting to all Centers.

### SMB/M4/DP4: Audit & Risk Committee Terms of Reference

The Board **approved** the Terms of Reference of the Audit and Risk Committee, as set out in Document SMB4-06B.

### SMB/M4/DP5: Interim Chair

The Board **endorsed** the ongoing appointment of Martin Kropff as System Management Board Interim Chair until a successor is appointed.

### SMB/M4/DP6: Board Vice-Chair

The Board **endorsed** the Interim Chair's recommendation to appoint Eugene Terry as System Management Board Vice-Chair effective immediately, and continuing until 30 June 2017.

### SMB/M4/DP7: Addressing Conflict of Interest situations

The Board **approved** the proposed framework for the declaration of interests by Board, Committee and adhoc Working Group members, with the elements of:

- a. Annual declaration: Using a pro forma to be filled in by all members;
- b. In advance of each meeting: Declaration of any conflict of interest associated with the agenda items - and annotated to the Agenda if necessary. An annex of any declared conflicts to be attached to each Meeting Summary;
- c. Any other time: Declaration of conflict of interest when it presents itself; and
- d. The final decision on how to manage conflict of interest situations to be made by either the Board Chair and the Chair of the Audit and Risk Committee if the latter is an independent Chair. Alternatively, if this criterion cannot be met, it will be for the Board Chair and Executive Director as a non-voting member to resolve.

SMB/M4/DP8: Recommendations from adhoc Rules of Governance Working Group

The Board **endorsed** the proposal of the Board's adhoc working group on Rules of Governance (as set out in Document SMB4-07a) that the General Assembly of Centers be invited to consider at its inaugural meeting on 24-25 January 2017 an amendment to the balance of independent members of the System Management Board, together with a timetable and potential process of appointment of System Management Board voting members to fill vacancies arising with effect from 1 July 2017.

Annex 2: List of Meeting Participants

<b>System Management Board Members</b>	<b>Capacity</b>
Martin Kropff (Interim System Management Board Chair)	
Catherine Bertini	Independent Member
Eugene Terry	Independent Member
Shenggen Fan	Voting Center Member
Gordon MacNeil	Voting Center Member
Bushra Malik	Voting Center Member
Jimmy Smith	Voting Center Member
Margret Thalwitz	Voting Center Member
Ann Tutwiler	Voting Center Member
Elwyn Grainger-Jones	Ex-officio Non-Voting Member <i>(Participating Remotely)</i>
<b>System Management Board Active Observers</b>	<b>Capacity</b>
Maggie Gill	Active Observer, ISPC Chair <i>(Participating Remotely)</i>
Eric Witte	Active Observer, System Council Member, USA
Tony Cavalieri	Active Observer, System Council Member, BMGF
Tom Randolph	Active Observer, CRP Leaders' Representative
<b>Apologies</b>	
Rachel Sauvinet-Bedouin	Active Observer, Head, CGIAR IEA
<b>Additional Observers and Invited Guests</b>	<b>Capacity</b>
Karmen Bennett	Governance, Board Secretary
Olwen Cussen	Governance, Meeting Support
Nadia Manning-Thomas	Governance, Meeting Support <i>(Participating Remotely)</i>
Albin Hubscher	CFO, Director of Finance & Corporate Services, Subject Matter Expert <i>(Participating Remotely)</i>
Elise Perset	General Counsel, Subject Matter Expert <i>(Participating Remotely, Agenda Item 5 only)</i>
Peter Gardiner	Director of Science, Subject Matter Expert <i>(Participating Remotely, Agenda Items 3 &amp; 5 only)</i>
Pierre Pradal	Internal Audit Unit Director <i>(Participating Remotely, Agenda Item 6 only)</i>